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DEPARTMENT OF COMMERCE

International Trade Administration

[C-489-502]

Circular Welded Carbon Steel Pipes and Tubes from Turkey: Final Results of Countervailing Duty Administrative Review; Calendar Year 2011

AGENCY: Enforcement and Compliance (formerly Import Administration),
International Trade Administration, Department of Commerce.

SUMMARY:

On April 9, 2013, the Department of Commerce (the Department) published in the *Federal Register* its preliminary results of administrative review of the countervailing duty (CVD) order on circular welded carbon steel pipes and tubes (steel pipes and tubes) from Turkey for the January 1, 2011, through December 31, 2011, period of review (POR).¹ The Department preliminarily found that the following producers/exporters of subject merchandise covered by this review had *de minimis* net subsidy rates for the POR: (1) Borusan Group, Borusan Mannesmann Boru Sanayi ve Ticaret A.S. (BMB), and Borusan Istikbal Ticaret T.A.S. (Istikbal) (collectively, Borusan); (2) Erbosan Erciyas Boru Sanayi ve Ticaret A.S. (Erbosan AS) and Erbosan Erciyas Pipe Industry and Trade Co. Kayseri Free Zone Branch (Erbosan FZB), (collectively Erbosan), and (3) Tosyali dis Ticaret A.S. (Tosyali) and Toscelik Profil ve Sac Endustrisi A.S. (Toscelik Profil), (collectively, Toscelik). The Department has now completed the administrative review in accordance with section 751(a) of the Tariff of 1930, as amended (the Act). Based on our analysis of comments received, the net subsidy rates for Borusan and Erbosan, although revised, continue to be *de minimis*. The Department has also revised the net

¹ See *Circular Welded Carbon Steel Pipes and Tubes from Turkey: Preliminary Results of Countervailing Duty Administrative Review; Calendar Year 2011*, 78 FR 21107 (April 9, 2013) (*Preliminary Results*).

subsidy rate for Toscelik. Further discussion of our analysis of the comments received is provided in the accompanying Final Decision Memorandum.² The final net subsidy rates for Borusan, Erbosan, and Toscelik are listed below in the “Final Results of Review” section.

DATES: EFFECTIVE: (INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*.)

FOR FURTHER INFORMATION CONTACT: Jolanta Lawska at 202-482-8362 (for Borusan and Erbosan) at 202-482-8362 and John Conniff at 202-482-1009 (for Toscelik), AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Background

On March 7, 1986, the Department published in the *Federal Register* the CVD order on steel pipes and tubes from Turkey.³ On April 9, 2013, the Department published in the *Federal Register* the preliminary results for this review. In the *Preliminary Results*, we invited interested parties to submit case briefs commenting on the preliminary results and to request a hearing.⁴ On May 9, 2013, we received case briefs from Borusan and Petitioners.⁵ On May 14, 2013, we received a rebuttal brief from Toscelik. We did not hold a hearing in this review, as none was requested by interested parties.

Scope of Order

The products covered by this order are certain welded carbon steel pipe and tube with an outside diameter of 0.375 inch or more, but not over 16 inches, of any wall thickness (pipe and

² See Decision Memorandum for Final Results of Countervailing Duty (CVD) Administrative Review: *Circular Welded Carbon Steel Pipes and Tubes from Turkey* from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance dated concurrently with these final results (Final Decision Memorandum).

³ See *Countervailing Duty Order: Certain Welded Carbon Steel Pipe and Tube Products From Turkey*, 51 FR 7984 (March 7, 1986).

⁴ See *Preliminary Results*.

⁵ Petitioners in this review are Wheatland Tube Company (Wheatland), Allied Tube and Conduit Corporation and TMK IPSCO, and United States Steel Corporation (collectively, Petitioners).

tube) from Turkey. These products are currently provided for under the Harmonized Tariff Schedule of the United States (HTSUS) as item numbers 7306.30.10, 7306.30.50, and 7306.90.10. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this administrative review are addressed in the Final Decision Memorandum, dated concurrently with this notice and which is hereby adopted by this notice. A list of the issues which parties have raised, and to which we have responded in the Final Decision Memorandum, is attached to this notice as an Appendix. The Final Decision Memorandum is a public document and is on file electronically via IA ACCESS. IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Final Decision Memorandum can be accessed directly on the Internet at <http://enforcement.ita.doc.gov/frn/index.html>. The signed Final Decision Memorandum and the electronic versions of the Final Decision Memorandum are identical in content.

Final Results of Review

Consistent with the *Preliminary Results*, the total net subsidy rate for Erbosan remained 0.30 percent *ad valorem*. In these final results, we have revised Borusan's total net subsidy rate to 0.19 percent *ad valorem*. Pursuant to 19 CFR 351.106(c), the calculated rates for Erbosan and Borusan are *de minimis*. We have also revised the net subsidy rate for Toscelik. In these final results, we have calculated a total net subsidy rate of 0.83 percent for Toscelik.

Assessment Rates/Cash Deposits

The Department intends to issue assessment instructions to U.S. Customs and Border Protection (CBP) 15 days after the date of publication of these final results, to liquidate shipments of subject merchandise by Borusan and Erbosan entered, or withdrawn from warehouse, for consumption on or after January 1, 2011, through December 31, 2011, without regard to CVDs because a *de minimis* subsidy rate was calculated for each company. We will also instruct CBP to continue to suspend liquidation but to collect no cash deposits of estimated CVDs on shipments of the subject merchandise by Borusan and Erbosan, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

For Toscelik, the Department intends to issue assessment instructions to CBP 15 days after the date of publication of these final results of review to liquidate shipments of subject merchandise by Toscelik entered, or withdrawn from warehouse, for consumption on or after January 1, 2011, through December 31, 2011, at the *ad valorem* assessment rate listed above. We will also instruct CBP to collect cash deposits for Toscelik at the CVD cash deposit rate indicated above on all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of these final results of review.

For all non-reviewed companies, we will instruct CBP to continue to collect cash deposits at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to companies covered by this order, but not examined in this review, are those established in the most recently completed administrative proceeding for each company. The cash deposit rates for all companies not covered by this review are not changed by the results of this review, and remain in effect until further notice.

Return or Destruction of Proprietary Information

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing these final results in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: October 23, 2013.

Paul Piquado,
Assistant Secretary
for Enforcement and Compliance.

APPENDIX

I. METHODOLOGY AND BACKGROUND INFORMATION

Subsidies Valuation Information

- A. Attribution of Subsidies
- B. Benchmark Interest Rates

II. ANALYSIS OF PROGRAMS

I. Programs Determined to be Countervailable

- A. Deduction from Taxable Income for Export Revenue
- B. Short Term Pre-Shipment Rediscount Program
- C. Law 5084: Withholding of Income Tax on Wages and Salaries
- D. Law 5084: Incentive for Employers' Share in Insurance Premiums
- E. Law 5084: Allocation of Free Land and Purchase of Land for less than Adequate Remuneration (LTAR)
- F. Law 5084: Energy Support
- G. Organized Industrial Zone (OIZ): Exemption from Property Tax
- H. Corporate Income Tax Exemption under the Free Zones Law
- I. Investment Encouragement Program (IEP): Customs Duty Exemptions

II. Programs Determined To Not Confer Countervailable Benefits During the POR

- A. Inward Processing Certificate Exemption
- B. Provision of Buildings and Land Use Rights for LTAR under the Free Zones Law

III. Programs Found Not Countervailable During the POR

- A. Deductions on Social Security Payments Program under Law 5510
- B. Deductions on Social Security Payments Program under Law 5921
- C. Customs Duties and Value-Added Tax (VAT) Exemptions under the Free Zones Law

IV. Programs Determined to Not Be Used During the POR

- A. Stamp Duties and Fees Exemptions under the Free Zones Law
- B. Other Programs Not Used
 - Post-Shipment Export Loans
 - Export Credit Bank of Turkey Buyer Credits
 - Subsidized Turkish Lira Credit Facilities
 - Subsidized Credit for Proportion of Fixed Expenditures

- Subsidized Credit in Foreign Currency
- Regional Subsidies
- VAT Support Program (Incentive Premium on Domestically Obtained Goods)
- IEP: VAT Exemptions
- IEP: Reductions in Corporate Taxes
- IEP: Interest Support
- IEP: Social Security Premium Support
- IEP: Land Allocation
- National Restructuring Program
- Regional Incentive Scheme: Reduced Corporate Tax Rates
- Regional Incentive Scheme: Social Security Premium Contribution for Employees
- Regional Incentive Scheme: Allocation of State Land
- Regional Incentive Scheme: Interest Support
- OIZ: Waste Water Charges
- OIZ: Exemptions from Customs Duties, VAT, and Payments for Public Housing Fund, for Investments for which an Income Certificate is Received
- OIZ: Credits for Research and Development Investments, Environmental Investments, Certain Technology Investments, Certain “Regional Development” Investments, and Investments Moved from Developed regions to “Regions of Special Purpose”
- Foreign Trade Companies Short Term Export Credits
- Pre-Export Credits
- Pre-shipment Export Credits
- OIZ: Exemption from Building and Construction Charges
- OIZ: Exemption from Amalgamation and Allotment Transaction Charges

ANALYSIS OF COMMENTS

Borusan

Comment 1: Whether the Department Should Grant an Offset to the Gross Subsidy Found on Turkish Eximbank Loans for the Bank Guarantee Fees

Comment 2: Whether the Department Erred in Including Certain Eximbank Loans in the Department's Preliminary Benefit Calculations

Erbosan:

Comment 3: Whether the Department Should Find Provision of Buildings and Land Use Rights for Less than Adequate Remuneration under the Free Zones Law Program Countervailable

Toscelik

Comment 4: Benchmark Used to Calculate the Benefit under the Osmaniye Organized Industrial Zone Program Used by Toscelik

Comment 5: Treatment of Investment Encouragement Program (IEP)

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